

MINUTES OF A FINANCE COMMITTEE MEETING OF THE BOARD OF PARK COMMISSIONERS OF THE PARK DISTRICT OF HIGHLAND PARK HELD ON THURSDAY, JUNE 4, 2020 12:00PM. THE MEETING WAS CONDUCTED REMOTELY DUE TO THE GOVERNOR’S DECLARATION OF EMERGENCY AS A RESULT OF THE COVID-19 PANDEMIC. MEMBERS OF THE PUBLIC WERE ABLE TO VIEW A LIVE STREAM OF THE FINANCE COMMITTEE MEETING AND SUBMIT ITEMS FOR PUBLIC COMMENT VIA EMAIL TO THE EXECUTIVE DIRECTOR TO BE READ ALOUD DURING THE MEETING.

Present: Commissioner Bernstein, Commissioner Grossberg, President Ruttenberg

Also, Present: Executive Director Romes; Director Peters; Director Carr; Director Smith; Director Voss; Manager Schwartz; Manager Warsaw; Accountant Rosen; Accounts Payable Lakoske; Executive Coordinator Hejnowski

Guest Speaker: None

PUBLIC COMMENT FOR ITEMS ON THE AGENDA - None.

Special Disclaimer from Public Financial Management (PFM)

Director Peters shared the District’s special disclaimer, reporting that the research and any forecasts are based on current information as of June 4, 2020 as is considered to be reliable, but the District does not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates, and forecasts contained herein are also as of the date hereof and are subject to change without prior notification.

Projections

Assumptions

Directors Peters presented a list of key assumptions staff used to create the 2020 worst case-scenario financial projections. These assumptions include: delay of tax collections and a 94% collection rate, impact fees are budgeted at \$16,881, an employee hiring freeze which is saving the District roughly \$318,000, unemployment costs are estimated at \$250,000, the District reduced staff development, job advertising, and pre-employment physicals, the District reduced Parks Maintenance Contracts for a savings of \$150,000, all special events have been canceled, Hidden Creek AquaPark is closed for the season, the District is budgeting Fall programming at 50%, the Recreation Center of Highland is expecting 50% capacity, Summer Camp is being offered at a 10% capacity, and the brochures for Fall 2020, Camp 2021, and Winter 2021 will remain digital.

2020 Budget Comparison Report (approved vs. actual)

The next item reviewed was the 2020 Budget Comparison report of the Recreation Fund. This report provided a comparison of the 2020 budget approved in December of 2019 vs. the actual budget as of today. Director Peters reported that several cost centers and programs have significant changes from the approved budget vs. the actual due to the impacts of COVID-19.

Commissioner Bernstein would like to know which cost centers and programming budgets are most significantly being reduced due to the pandemic.

Executive Director Romes reported that the canceling of several maintenance contracts and all special events is positively impacting the 2020 budget, whereas the impacts to the Recreation Center of Highland Park, Centennial Ice Arena, athletics, tennis, and camp are a significant loss.

Commissioner Bernstein asked if the \$652,000 deficit includes the transfers to the capital fund and the debt service.

Director Peters reported that the deficit includes the transfers and the District is transferring \$2.5million to the capital fund and \$800,000 for the debt service.

Commissioner Bernstein asked if the deficit in the Recreation Fund will be due to the transfer to the capital fund.

Executive Director Romes and Director Peters replied this is true, so the District will most likely not transfer from the Recreation Fund if these projections are accurate, which are currently based on the worst-case scenario.

Gross Revenue and Expenses

Director Peters shared a graph of the District's gross revenue and expenses for 2020. She reported that the data in this graph includes year to date budgeted revenue and expenses vs. the actual year to date revenue and expenses as well as the projected revenue and expenses. Staff budgeted for a little over \$21 million in revenue as of December and \$18 million in expenses. As staff continue to review the budget each month and cut expenses, the projected expenses have been reduced to \$13 million as of December. The projected revenue as of December has been reduced to \$15 million. Director Peters reported that the budgeted net difference was a little over \$3million, whereas the projected net difference is \$1.9 million. In total the net difference between budgeted vs. projected is -\$1,234,842 assuming the worst-case scenario figures are accurate.

President Ruttenberg was very pleased with this graph and the data.

Commissioner Bernstein would like to know why there is an increase in revenue as of May in the existing budget, and why the increase in the projected revenue is slightly less.

Director Peters reported that the District assumed property taxes would be delayed, which was accurate. The District only collected \$600,000 in property taxes for the month of May. The reason the projected was slightly less was due to the issuance of refunds.

Commissioner Bernstein asked if staff are better able to estimate expenses vs. revenue.

Executive Director Romes reported that staff can control expenses, so these estimates are fairly accurate, unlike revenue.

Commissioner Bernstein feels confident in the estimated projections for expenses, and he would like to know why staff are estimating that revenue will increase come August, since staff do not have as much control over those estimates.

Director Peters reported that property taxes are due August 8, so the district is expecting revenue from that and registration from Park School.

Commissioner Bernstein would like *the* property tax revenue removed from this graph, so the Finance Committee Liaisons could better understand the projected revenue and expenses from Programming. In addition, he would like to see how this graph would be impacted if there is a resurgence of COVID-19 come the Fall.

Monthly Payroll Report

Executive Director Romes shared a graph of the 2020 monthly payroll expenses. He reported that the data in this graph includes budgeted payroll expenses approved in December 2019 vs. projected payroll expenses. In addition as we close each month the actual expenses are being recorded. Staff budgeted for a little over \$10 million in payroll expenses, whereas the projected expenses have been reduced to \$7.5 million due to furloughing staff and not filling vacant positions. Had the District not furloughed any staff, the District projected \$8.2 million in payroll expenses.

President Ruttenberg asked if the \$7.5 million includes unemployment.

Executive Director Romes reported that this number includes unemployment, and had the District kept all employees active that expenses would have been \$8.2 million.

Cash Flow Projections

Director Peters reviewed the District's cash flow projections, indicating that as of May 31, 2020 the district has a little over \$7 million in cash on hand. As of the end of June staff project that the District will have \$8.9 million in cash on hand vs. the budgeted \$10 million approved in December of 2019. The difference year to date is -\$1.5 million. None the less, the District is still above the 25% reserve of \$4.7 million. These figures include revenue from property taxes if the District did not receive that revenue, the cash on hand would be \$6.3 million.

Commissioner Bernstein asked if this chart includes the \$7 million from the bonds and \$7 million from capitals.

Director Peters reported that this chart does not include those figures, this is strictly the projected cash flow for operations, from the General and Recreation Funds. This is unrestricted cash.

Commissioner Bernstein would like to know if the District is operating at a loss for June.

Director Peters reported the District is operating at a \$700,000 loss in June.

Commissioner Bernstein would like the property tax revenue removed from this chart, so the Finance Committee Liaisons could better understand the operating revenue and expenses are each month.

Executive Director Romes reported that the end of year projected cash flow is around \$900,000 less than budgeted.

Commissioner Bernstein asked if this includes the transfers out.

Director Peters reported this does not include the transfers out.

President Ruttenberg reported the District is only looking at a \$900,000 loss due to the significant cuts to expenses.

Director Peters reported the District will comply with its fund balance in the general and recreation fund, and the district will not have to conduct inter fund loans for the debt service.

Park Ambassadors

Executive Director Romes reported that the District budgeted \$109,000 in expenses for the police services provided by the City of Highland Park. The District will only pay \$30,000 towards that contract. As a result, the Park District will absorb those responsibilities and is hiring and training Park Ambassadors to monitor the lakefront and parks. Director Carr provided a brief update regarding the District's plan for Park Ambassadors. Staff are actively recruiting and plan to hire seven (7) Park Ambassadors. Park Ambassadors will enforce park policies, ordinances, and COVID-19 guidelines. This will allow lifeguards and aquatic staff to focus on water safety. In addition, Park Ambassadors will be responsible for opening and closing gates throughout lakefront and park properties.

Director Carr reported that staff are finalizing details regarding times for the opening and closing of gates and scheduled hours of Park Ambassadors. If Park Ambassadors monitor properties till midnight it would cost the District \$55,000. If Park Ambassadors monitor properties till 10:00 p.m. it would cost the District \$50,000. If Park Ambassadors monitor properties till dusk or 6:00 p.m. it would cost the District \$45,000. Staff are favoring the \$50,000 option, keeping Park Ambassadors on schedule to 10:00 p.m.

President Ruttenberg favors the \$50,000 option, closing the gates at 10:00 p.m.

Commissioner Bernstein would like to keep the lakefront and park properties open as much as possible, due to the limited amenities of COVID-19. He recommends opening the gates at 6:00 a.m. and offering group exercise classes on the beach or morning lap swim.

Director Carr reported that staff are working on offering an 8:00 a.m. lap swim, which might be available as early as June 20. In addition, non-residents will not be able to access the beach till noon on weekends.

Commissioner Bernstein appreciates the efforts and suggests keeping working families in mind.

President Ruttenberg recommends purchasing uniforms which look similar to the ones worn by the City CPA's.

Capital Projects

Sunset Woods Playground Project

Director Smith introduced Amalia Schwartz to present on the Sunset Woods Playground Project. Manager Schwartz reported that the rocket ship playground and the titanic tot lot playground are in need of a renovation, as those playgrounds were last renovated in 1996. Over the years the project has been deferred and Parks staff have maintained the play equipment, as necessary. Some components have been removed since replacement parts are no longer available due to the age of the equipment.

This project would be eligible for the OSLAD grant so long as staff have design documents readily available, which requires board approval. Manager Schwartz reported that the cost for a Master Plan would be around \$15,000 and the implementation would take years to accomplish if funds were to become available. Staff determined that a Master Plan was no longer a priority based on other needs of the District. Staff can tackle some of the challenge points through targeted planning rather than Master Planning, this includes the playground, parking assessment, review of ball fields, lighting, and access points.

Parks staff have determined the condition of both playgrounds is operational and estimate the District can get another 3 years out of the tot lot playground and 5 years out of the rocket ship playground. Manager Schwartz reported that there are no immediate concerns at either playground, but it could cost the district up to \$100,000 to continue repairing and replacing damaged equipment.

President Ruttenberg would like to know how much the plans would cost.

Manager Schwartz reported that the District budgeted \$100,000 towards planning which covers design development, community engagement, and construction documents, so the district would be ready to bid the project out. The next step in the RFQ process is to negotiate a cost with the selected firm.

President Ruttenberg would like to know if the project could be completed in phases to reduce costs.

Manager Schwartz reported that the District could negotiate in such a way that the project could be completed in phases.

Director Smith reported that the District could enter a contract for design detail and then enter into a contract for construction details. If the District wants grant funds, staff will need construction documents readily available.

President Ruttenberg would like to know if completing this project through targeted planning fails to analyze the entire site.

Manager Schwartz reported that this planning effort for the playground considers wave finding, and examines how the playgrounds connect through the rest of the park and its access points. Staff are not just taking a footprint of the playground and replacing equipment. The architect's staff have been in communication and provided robust designs and examined the site as a

whole and the natural areas within the site.

Commissioner Bernstein would like to know if the governor signed and approved the funds for the OSLAD grant and what staff would need to be eligible and apply.

Director Smith will follow up to see if the governor signed and approved funds for the OSLAD grant and reported that the District needs conceptual drawings in order to be eligible and apply, which requires board approval to proceed with the RFQ.

Commissioner Bernstein would like to know how long it takes from engagement to having the conceptual drawings readily available.

Manager Schwartz reported it typically takes 4-5months. Community engagement slows down the process.

Commissioner Bernstein would like to know when the due date for the grant application is.

Director Smith reported that there is no official date, but based on historical trends staff estimate the grant will be available the end of this year or early next year.

Commissioner Bernstein feels it will be very challenging to conduct community engagement due to the social distancing guidelines, and with the playgrounds having no immediate concerns and useful life still available, that this project should be put on hold. He understands this project is a priority, but is not comfortable moving forward due to the impacts of COVID-19. He would like a better handle on the District's capital funds and suggests re-evaluating each capital project. Currently any approved capital projects have been deemed emergencies and this project does not fall under an emergency repair or replacement.

Executive Director Romes reported that staff wanted to bring the condition of the playground to the attention of the Park Board, since the equipment is of poor condition, though functional, and the renovation was ranked high on the Attitude and Interest Survey.

President Ruttenberg agreed with Commissioner Bernstein and would like to re-evaluate all capital projects at the next Finance Committee Meeting.

Executive Director Romes report that staff can revisit this project at such time.

Recreation Center of Highland Park Indoor Pool Emergency Repairs

Director Carr reported that staff are putting together a resolution for emergency pool repairs. Staff received a finalized quote from a reputable local vendor. Staff have vetted all the references. It has a 10-year warranty. The price comes in at \$45,000 which is under the \$50,000 budget.

President Ruttenberg asked that any products used be eco-friendly.

Park Avenue Dredging Update

Executive Director Romes reported that there is no further discussion on this project, since the consensus of the Park Board was not to dredge. Staff are installing the floating dock and getting the site ready for boating operations.

Centennial Ice Area Project

Executive Director Romes reported that staff have submitted the park grant in February of this Year, but staff is placing further planning on hold.

Commissioner Bernstein asked to re-evaluate this project at the next Finance Committee Meeting.

Routine Grounds Maintenance Bid

Director Voss reported the District typically brings contractors in to cover all mowing operations throughout park properties. Due to the impacts of COVID-19 Parks staff assumed these responsibilities. As facilities and outdoor areas are re-opening Parks staff are having a difficult time managing this task. Staff are asking the Park Board to approve an abbreviated contract for 14 weeks of mowing at the District's base and alternate sites. This will allow four (4) Parks Staff to assist with other much needed re-opening operations. The total proposal price is a little under \$37,000. The budgeted funds were \$70,000.

Commissioner Bernstein asked if this was in the assumptions shared at the beginning of this meeting.

Director Peters reported that this was included in the assumptions.

The meeting was adjourned at 1:52 p.m.

